

ECONOMIC DEVELOPMENT COMMITTEE

DATE: April 12, 2006

CALLED TO ORDER: 5:00 p.m.

ADJOURNED: 6:40 p.m.

ATTENDANCE

ATTENDING MEMBERS

Jackie Nytes, Chair
Patrice Abduallah
Virginia Cain
Lonnell Conley
Marilyn Pfisterer
Isaac Randolph, Jr
Joanne Sanders

ABSENT MEMBERS

AGENDA

PROPOSAL NO. 32, 2006 - reappoints George Pillow to the Indianapolis Economic Development Commission
“Do Pass”

Vote 7-0

PROPOSAL NO. 124, 2006 - appoints Venita J. Moore to the City Market Corporation board of directors
“Do Pass”

Vote 7-0

PROPOSAL NO. 125, 2006 - appoints Debra M. Simmons Wilson to the City Market Corporation board of directors
“Do Pass”

Vote 7-0

PROPOSAL NO. 165, 2006 - an inducement resolution for Camby Woods, L.P. in an amount not to exceed \$14,000,000 which consists of the construction of a 220-unit apartment complex to be known as Camby Woods Apartments located at 7700 Camby Road (District 22)
“Do Pass”

Vote 4-3

PROPOSAL NO. 100, 2006 – imposes a county economic development income tax on the adjusted gross income of county taxpayers
“Strike”

Vote 7-0

PROPOSAL NO. 166, 2006 - reappoints Phyllis A. Carr to the Urban Enterprise Association Board of Directors
“Postponed” until 5/3/06

Vote 7-0

PROPOSAL NO. 167, 2006 - reappoints William C. Oliver to the Urban Enterprise Association Board of Directors
“Do Pass”

Vote 7-0

PROPOSAL NO. 238, 2006 - a special resolution for Lockefield Associates L.P. authorizing the City of Indianapolis to amend certain provisions of the City of Indianapolis, Indiana Economic Development Revenue Refunding Bonds (Lockefield Associates L.P. Project), Series 1996A (the “Bonds”), approving amendments to the financing agreement and indenture and approving and authorizing other actions in request thereto
“Do Pass”

Vote 6-0

ECONOMIC DEVELOPMENT COMMITTEE

The Economic Development Committee of the City-County Council met on Wednesday, March 22, 2006. Chair Jackie Nytes called the meeting to order at 5:00 p.m. with the following members present: Patrice Abdullallah, Virginia Cain, Lonnell Conley, Marilyn Pfisterer, Isaac Randolph, Jr., and Joanne Sanders.

PROPOSAL NO. 124, 2006 - appoints Venita J. Moore to the City Market Corporation board of directors

Ms. Moore said that this is the first time that she has been nominated to serve on the City Market Board. She is a CPA, MBA and recently started her own business solution firm along with two partners that provides management consulting in Accounting, Community Outreach, Diversity Services, and Fund Development. She has worked with the State of Indiana, Internal Revenue Service in management, and with General Motors.

Councillor Abdullallah asked what assets Ms. Moore would bring to the Board. Ms. Moore answered that her fiscal accountability skills will be useful to the Board in looking at various activities for the City Market, her ideas of community outreach, and her ability and desire to work very closely with the Indianapolis community.

Councillor Pfisterer asked Ms. Moore where she would like to see the City Market go. Ms. Moore answered that she would like to see the City Market return to being a prime area for various opportunities in sales, marketing, and purchasing of a variety of items. She would also like to see the City Market become a community retail network.

Councillor Randolph moved, seconded by Councillor Cain, to forward Proposal No. 124, 2006 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 7-0.

PROPOSAL NO. 32, 2006 - reappoints George Pillow to the Indianapolis Economic Development Commission

Mr. Pillow said that it has been a very interesting year working with the Economic Development Commission and he is very impressed with the professionalism of the people that present at the meetings. He believes that the projects that the Commission has approved will be very successful projects. Mr. Pillow said that he has been an entrepreneur in Indianapolis for 18 years, has been involved with many community activities, has served on numerous boards and commissions, has worked with the Governor, and has been awarded Businessman of the year three or four times by three or four different organizations. He said that he currently serves on the Executive Committee of the Chamber of Commerce and is Co-chairman of the Circle City Classic. He enjoys being on the Economic Development Commission because it creates jobs.

Councillor Conley moved, seconded by Councillor Sanders, to forward Proposal No. 32, 2006 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 7-0.

PROPOSAL NO. 125, 2006 - appoints Debra M. Simmons Wilson to the City Market Corporation board of directors

Ms. Wilson said that she is a business owner along with Ms. Moore and another partner. She is an Urban Planner by education, has served as Deputy Commissioner at Indiana Department of

Transportation (DOT), as a Director in Family and Social Services Administration, and is active in a number of community organizations.

Chair Nytes asked where Ms. Wilson would like to see the City Market go. Ms. Wilson answered that as an Urban Planner she would like to see the Market grow to accommodate the strategic plan of the City with regard to the increase in housing and urban development. She said that she would like to see the Market grow to be utilized beyond the lunchtime hour.

Councillor Randolph moved, seconded by Councillor Sanders, to forward Proposal No. 125, 2006 to the full Council with a “Do Pass” recommendation. The motion carried by a vote of 7-0.

PROPOSAL NO. 166, 2006 - reappoints Phyllis A. Carr to the Urban Enterprise Association Board of Directors

Chair Nytes said that Ms. Carr will not be able to attend the meeting because she has a family member in the hospital. She said that many of the Committee know her, as she is a reappointment.

Councillor Conley said that Ms. Carr has served long and well and he would support accepting the reappointment. Councillor Abdullah said that he would also support the acceptance. Councillor Randolph said that he is not familiar with Ms. Carr and his only reluctance is to set precedence that by proxy the only thing that is required to be reappointed is that one is a good person; no one would come to the meetings to be reappointed. Chair Nytes said that the good thing about waiting to reappoint until the person can attend the meeting is that they are able to give an update on the activities of the organization and it also offers a forum for the appointees in which to speak.

Councillor Sanders moved, seconded by Councillor Cain, to “Postpone” Proposal No. 166, 2006 until May 3, 2006. The motion carried by a vote of 7-0.

PROPOSAL NO. 167, 2006 - reappoints William C. Oliver to the Urban Enterprise Association Board of Directors

Chair Nytes said that there is already precedent among Council committees to reappoint sitting Council member in their absence. She said that Councillor Oliver has been involved in several meetings with the City and Economic Development staff about the challenges that the Urban Enterprise Association (UEA) is facing.

Councillor Abdullah moved, seconded by Councillor Sanders, to forward Proposal No. 167, 2006 to the full Council with a “Do Pass” recommendation. The motion carried by a vote of 7-0.

Councillor Cain asked Chair Nytes to explain what the UEA is. Chair Nytes said that the UEA is responsible for the management of the Urban Enterprise Zone, which is an area that had significantly challenged conditions in which the average income was extremely low, the unemployment rate was extremely high, and the amount of vacant commercial space was high. This area surrounds Keystone Avenue, slightly to the south and north of I-70 and to the east and west toward Martindale/Brightwood and the Monon.

PROPOSAL NO. 100, 2006 – imposes a county economic development income tax on the adjusted gross income of county taxpayers

Chair Nytes said that the Legislature extended the use of the County Economic Development Income Tax (CEDIT) to allow county governments to provide a Homestead Credit to compensate for any possible increases in property tax because of the Inventory Tax rolling off. She said that testimony has been taken from a variety of people, research has been conducted by Council financial staff, and information has been gathered from the Treasurer's Office and County Assessor's Office, and it has been concluded that this is not a fair, proper solution to offsetting the end of the Inventory Tax. Chair Nytes recommended that the Committee "strike" this proposal.

Councillor Sanders said that she agrees with Chair Nytes' assessment and believes that this would have been a very short-term solution and, unfortunately, would have only made a dent in some of the challenges that the City is facing.

Councillor Conley asked if there is a chance for the issue to be revisited if the proposal is stricken. Chair Nytes said that the Committee would not have the opportunity to revisit the issue this year because the deadline for acting on it will expire June 1st. She said that the Legislature will be revisiting the property tax package next session and may offer another tool to be examined next year.

Councillor Pfisterer said that she is concerned for Wayne Township with the rolling off of the Inventory Tax as there is a lot of industry in the area that will be significantly hit; therefore, she agrees that trying to find another avenue for the income or revenue would be appropriate.

Councillor Sanders moved, seconded by Councillor Conley, to "Strike" Proposal No. 100, 2006. The motion carried by a vote of 7-0.

PROPOSAL NO. 165, 2006 - an inducement resolution for Camby Woods, L.P. in an amount not to exceed \$14,000,000 which consists of the construction of a 220-unit apartment complex to be known as Camby Woods Apartments located at 7700 Camby Road (District 22)

Chair Nytes said that this proposal was passed at the last Committee meeting, but after additional questioning raised by community members and the district Councillor, she agreed to revisit the issue in Committee. She said that she believes that the biggest concern was that the developers did not spend enough time answering questions with the neighborhood group.

Rod Morgan, Attorney representing the Economic Development Commission, said that a request was made at the Council meeting for the developer to meet with the neighborhood association.

Dan Hubbard, Developer with Woodson, Davis, & Hubbard Development, said that they met with the neighborhood group on Tuesday, April 12th and went over the timeline and how the bond financing would work on the proposed project.

Councillor Abdullah asked if this was the first time that the information was presented to the neighborhood group. Mr. Hubbard answered in the negative and stated that it was the second time and he felt that the meeting went well as he answered all of the association's questions. Councillor Abdullah asked if there was any new information that has not been before the Committee. Mr. Hubbard answered in the negative.

Jason Holliday, Decatur Township Assessor, said that they agree that affordable housing is needed throughout the City; however, he believes that Decatur has its adequate share of those homes. He

said that Decatur Township cannot, at this time, afford anymore of this type of housing. Currently, the township has 2,411 apartment units, of which 987 or 41% are government subsidized. Of the 987 units, 328 or 33% are 100% tax exempt and equals to approximately \$6.5 million of assessed valuation. The township lost approximately \$3 million of assessed value with recent cases of appeals on Section 42 housing. He said that there is a potential of losing another \$1.8 million of assessed value due to a new state statute. They are also finding that the government subsidized apartments compete with the market-based apartments, resulting in increased vacancy rates in market-based communities. He asked that the Committee vote against the proposal.

Chair Nytes said that she was under the impression that this property would pay property taxes and would not be exempt. Mr. Holliday said that is true, but on a comparable Section 42 development, \$3 million of assessed value has been lost due to appeal.

Pat Andrews, Chair of Land Use Committee of Decatur Township Civic Council, distributed a handout (attached as Exhibit A). She said that Decatur Township is the smallest township and is very isolated. She said that most of Decatur Township's growing industrial base is in a Tax Increment Financing (TIF) area that will pay off bonds for the Ameriplex infrastructure and United. Tax base is a critical issue in Decatur because there is not yet a full spectrum of business and residence. Ms. Andrews said that Decatur is a very affordable and great place to live. She said that page one of Exhibit A shows results from the 2000 Census Data that indicates that Decatur had the second lowest median monthly rent of all townships. It shows that approximately half of the housing stock is assessed at \$100,000 or less and nearly all of it is assessed at less than \$150,000. She said that they are trying to find ways to attract the full spectrum of housing options for Decatur and its residence. The second page on Exhibit A shows that there is almost the same amount of apartment units being built as single/double family housing and building apartment housing has doubled in the last five or six years. The last page of Exhibit A shows all apartment developments in Decatur Township, their total units and the different governmental programs that are available and being utilized. She said that if this Section 42 development is allowed to move forward, Decatur will be very close to half of the units being below market. She said that Decatur needs balance and it is imperative for the township to attract the move-up house market and is in desperate need of basic retail for everyday buying.

Terry Sylvester, resident of Decatur Township Civic Council, said that a wider spectrum of housing is needed in Decatur. In the last few years, the bulk of the subdivisions have been "starter" type homes and asked that the Committee deny the request.

Jeff Bennett, Assistant Administrator, Economic Development Division of the Department of Metropolitan Development (DMD), said that the difference between "affordable" rent and "market-rate" rate in Marion County for this development is \$25 a month, which does not reflect a vastly different amount. He said, according to the 2000 Census, these types of apartments represent just over 6% of the housing units in Decatur Township. He said that he is not aware of any housing that is operated by the Indianapolis Housing Agency in Decatur Township, but the Section 42 housing is not considered a government subsidy. He said that this developer has not asked for anything from the City of Indianapolis other than the Council's approval to proceed. An approval, at this point, does not guarantee funding. The developer still has to apply for bond volume and tax credits from the State. The developer then has to return to the Council once the application process is completed. Mr. Bennett said that this would serve a need and provide affordable housing to families. He said that DMD staff recommended approval at the Economic Development Commission level.

Chair Nytes said that, according to the 2000 Census, close to 30% of the people in Decatur Township were paying 35% or more of their gross income for rent. She asked Mr. Bennett if that is correct. Mr. Bennett answered in the affirmative and stated that it is a concern because DMD tries to qualify someone if they are paying more than 30% of their gross monthly income on housing related expenses.

Councillor Randolph asked why there is a competition against the market. He said that he has always had an issue with the concept of affordable housing because one could struggle with affordable housing depending on where one decided to locate or relocate. He said that he sees this as more of an issue of income than housing. As a person's income rises, they can then have the house they want. He said that there are abandoned homes in other townships that could be occupied and considered "affordable housing". Mr. Bennett said that there needs to be a balance between rental and homeownership at all levels of affordability in all townships across the City. He said that the abandoned housing and foreclosure issue is also being dealt with, but they do not apply to the issue of this rental development, on this property, in this township. Councillor Randolph said that he would like to know the average vacancy rate of apartments in Decatur, which would indicate if there is a need for more housing or if people are simply being shifted from one complex to a newer complex.

Councillor Cockrum said that the leadership of Decatur Township recognized 15 years ago that Decatur would be growing very fast and thought that a plan was needed for housing and commercial development. He said that the Holiday Corporation, which is developing the Ameriplex Development, came in and has been providing some help in that area. He said that a TIF area was agreed upon to put in an infrastructure to support that development. The maintenance facility at the airport got the TIF area expanded and now the township is paying for the United facility. A lot of the area that the Ameriplex has developed is also being occupied by governmental agencies that do not pay taxes, so neither of these developments is helping the area. It was first proposed that the area would be a high income technology park, but has turned out to be more of an office area or warehousing area that does not bring in high income. The area is currently in need of promoting a commercial area and will hopefully be coming with a proposal to do so. He said that the township needs more than simply residential growth as there is nothing in Decatur that is a destination point. He said that data shows that 5% of all the homes in Decatur are either empty or owned by absentee owners; there is a high rate of vacant and foreclosed homes. Councillor Cockrum said that the area that the developer is proposing has no public transportation. There is only one apartment complex in Decatur that is on the IndyGo route and those people complain that there is no transportation on the weekends. He said that he would recommend that the proposal not be approved at this time.

Councillor Conley asked if there is a need for more commercial space to provide for the residential areas of either apartments or homes. Councillor Cockrum answered in the affirmative and stated that each home that comes into the township brings in an average of 1.7 children to educate and the taxes on homes do not pay for those children.

Chair Nytes asked if anyone knows the vacancy rate in rental units in Decatur Township. Mr. Hubbard said that he is unsure of the exact amount for Decatur, but the market study included a larger area of the City and was above 90% occupied. Denise Barkdul, Attorney with Ice Miller, said that she does not recall any Section 42 housing projects that have come before the City since 2000 for Decatur Township. Mr. Hubbard said that there were two in Decatur Township in the last three years and a total of 19 throughout the remainder of the county. He said that he obtained an

analysis from the City's website that illustrates that one of the City's goals is to encourage affordable housing developments in outer townships especially in Franklin and Decatur townships. The analysis stated that the goal is that all townships should have at least 15% of the total renter and owner on housing stock affordable to households earning 50% of the area median or less. He said, according to the City's study and the study done by the developer, this is not the case in Decatur Township.

Councillor Sanders asked if the developer is aware of how many other applications may be going in for the state credits. Mr. Hubbard answered in the negative. Councillor Sanders asked what the impact of the project would be if the developer did not receive the credits. Mr. Hubbard answered that the developer would not proceed and the land owner would sell to someone else. He said that the land is currently zoned for multifamily, and the owner wants apartments to be in that area. He said that the land owner's plans are for a multifamily unit to be built where the developer is proposing and single family homes to be built around that unit.

Chair Nytes asked if there is any intention on the part of the community to have the land rezoned. Councillor Cockrum answered in the negative. Chair Nytes asked what the status is for the single family development. Mr. Hubbard said that he has heard that construction will begin in May, 2006.

Mr. Hubbard reiterated that the developer is not looking for tax abatement and stated that for Decatur to encourage commercial and retail to come into an area, there must be adequate housing because commercial developers look for the number of households that will buy their products.

Ms. Burkdul said that this program is set up with tax credits from the Federal government and the developers are responsible for repaying all of the bonds. She said that there is no City money needed to build the facility. She said that the developer is increasing the value of the property, as it is currently a corn field.

Mr. Morgan said that the Committee will see this again before any final activity is taken, before tax credits get allocated, and before volume cap gets allocated. He said that the inducement simply allows the developer to continue dialogue with the community, to study the project to develop it to its full extent, and to go forward with obtaining the volume cap from the State. He said that it is also required that the public again be heard on the matter.

Chair Nytes asked when the deadline is for the State to receive the application. Mr. Morgan answered that the deadline is June 9th.

Councillor Abdullah asked if the Committee could take a short recess for a Caucus. Chair Nytes said that she would grant a five minute recess.

[Clerk's note: Committee took a five minute recess from 6:28 p.m. to 6:33 p.m.]

Councillor Conley said that he is thinking about what the neighborhood says they need and this project would bring about \$14 million in tax revenue.

Councillor Conley moved, seconded by Councillor Abdullah, to forward Proposal No. 165, 2006 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 4-3, with Councillors Cain, Pfisterer, and Randolph casting the negative votes.

[Clerk's note: Councillor Randolph left at this time 6:34 p.m.]

PROPOSAL NO. 238, 2006 - a special resolution for Lockefield Associates L.P. authorizing the City of Indianapolis to amend certain provisions of the City of Indianapolis, Indiana Economic Development Revenue Refunding Bonds (Lockefield Associates L.P. Project), Series 1996A (the "Bonds"), approving amendments to the financing agreement and indenture and approving and authorizing other actions in request thereto

Mr. Morgan said that this transaction was originally financed in 1985 of bonds issued to provide permanent financing for multifamily residential projects of which a portion was to provide rental units to low to moderate income level persons. He said that it was refinanced in 1996 and required that any modifications be approved by the Mayor; therefore, it needs to go through the Economic Development Commission, the Economic Development Committee, and the full Council. The desire is to amend the documents to allow for modifications of the interest rate and remarketing of bonds. He said that there is no liability of the City and there are no tax revenues that will be used to repay the bonds.

Chair Nytes asked if the nature of the complex has changed from what it was originally intended. Ms. Barkdul answered in the negative. Councillor Abdullah asked if the nature of the complex could later change. Mr. Morgan said that there are restrictions that would prevent that. Ms. Barkdul said that when bonds are issued for this type of housing, there are long-term restrictions put on the use of the facility.

Councillor Conley asked if the agreement is a 12-year or 20-year cycle. Mr. Morgan said that the changes to the remarketing agreement allow for the changes to be made in three years rather than originally in 12 years. He said that it will not have to come before the Committee again.

Councillor Sanders moved, seconded by Councillor Conley, to forward Proposal No. 238, 2006 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 6-0.

CONCLUSION

With no further business, and upon motion duly made, the Economic Development Committee of the City-County Council was adjourned at 6:25 p.m.

Respectfully Submitted,

Jackie Nytes, Chair